effective amount of a morphogen, said morphogen comprising an amino acid sequence having at least 70% amino acid sequence homology with the C-terminal seven-cysteine skeleton of human OP-1, amino acids 330-431 of SEQ ID NO:1;

wherein said mammal is not a kidney transplant recipient, and is afflicted with a chronic renal condition characterized by the progressive loss of renal function associated with the progressive loss of functioning nephron units; wherein said morphogen induces chondrogenesis in an *in vivo* ectopic bone assay; and wherein said therapeutically effective amount causes a clinically significant improvement in a standard marker of renal function in said mammal.

2. (Four Times Amended) A method of treatment to delay the need for, or reduce the frequency of, chronic dialysis treatments in a mammal in, or at risk of, chronic renal failure comprising

administering to said mammal a therapeutically effective amount of a morphogen, said morphogen comprising an amino acid sequence having at least 70% amino acid sequence homology with the C-terminal seven-cysteine skeleton of human OP-1, amino acids 330-431 of SEQ ID NO:1;

wherein said mammal is not a kidney transplant recipient, and is afflicted with a chronic renal condition characterized by the progressive loss of renal function associated with the progressive loss of functioning nephron units; wherein said morphogen induces chondrogenesis in an *in vivo* ectopic bone assay; and wherein said therapeutically effective amount causes a clinically significant improvement in a standard marker of renal function in said mammal such that said mammal's need for chronic dialysis is delayed or reduced.

54. (Amended) A method as in claim 1, wherein said chronic renal condition is selected from the group consisting of: chronic diabetic nephropathy, diabetic glomerulopathy, diabetic renal hypertrophy, hypertensive nephrosclerosis, hypertensive glomerulosclerosis, renal